



# Remuneration Report

of H&R GmbH & Co. KGaA

# 2023

# Remuneration Report 2023

## Introduction

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The following remuneration report for 2023 explains the general principles of the remuneration system for the members of the Executive Board and the Supervisory Board of H&R GmbH & Co. KGaA and describes the amount and structure of the remuneration of the Board members for financial year 2023.

The remuneration report takes the requirements of Section 162 of the German Stock Corporation Act (AktG) into account, which was mandatory for financial statements for the year 2021 for the first time. In addition, the remuneration system for the Executive Board and the remuneration system for the Supervisory Board comply with the principles, recommendations and suggestions as per GCGC 2022. Both remuneration systems were submitted to the Annual Shareholders' Meeting in July 2021 and adopted with a clear majority. The 2023 remuneration report is the third remuneration report to be submitted to the Annual Shareholders' Meeting on the basis of the approved remuneration system for adoption.

A resolution will be passed by the 2024 Annual Shareholders' Meeting.

## Executive Board Remuneration

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The remuneration system for members of H&R Komplementär GmbH's Executive Board makes a significant contribution to promoting the corporate strategy of H&R KGaA, providing incentives for successful, sustainable, long-term and value-oriented development of the company, while simultaneously avoiding disproportionate risks from being taken.

Through the structure of the remuneration system, particularly the long-term variable

(performance-related) remuneration components with a multi-year assessment basis, incentives are put in place for the members of the Executive Board to pursue the targets specified in the strategy and thereby ensure a sustainable and long-term increase in the company's value. At the same time, the aim of the remuneration system is to offer the members of the Executive Board remuneration that is in line with the market.

The specification of the remuneration system for the members of the Executive Board of the general partner with full personal liability took place in consideration of the specific features of the legal form of a partnership limited by shares (KGaA) in corresponding application of the regulations of the German Stock Corporation Act (AktG) and the recommendations and suggestions announced by the Federal Ministry of Justice and Consumer Protection on March 20, 2020, in the Bundesanzeiger (Federal Gazette) and the suggestions of the Government Commission on the German Corporate Governance Code in its current version dated December 16, 2019 (GCGC 2019/2020). The company declares any deviations with reference to the latest version of the Code (currently GCGC 2022) in its statement of compliance, which is available in its respective latest version on the company's website.

### Specification of the Concrete Target Total Remuneration, Adequacy of the Remuneration

In compliance with the remuneration system for each member of the Executive Board, the Advisory Board specifies the amount of the target total remuneration and the performance criteria for all variable remuneration components for the upcoming financial year.

The target total remuneration for each member of the Executive Board is the respective sum of all fixed and variable remuneration components (in the case of variable remuneration components, in the event of 100% target achievement) in a year.

For the specification of the concrete target total remuneration, the Advisory Board ensures that it is appropriate in relation to the tasks and

performance of the member of the Executive Board, as well as to the company's net assets, financial position and results of operations and its future prospects and does not exceed the normal remuneration without special reasons and is aimed at the long-term and sustainable performance of H&R KGaA.

For the specification of the variable remuneration component, the Advisory Board ensures that the target remuneration from the long-term remuneration components is a higher amount than the target remuneration from the short-term remuneration components and the target remuneration from the variable remuneration components overall is influenced more by strategic targets than operational targets.

#### **Remuneration Components and Their Relative Shares of the Remuneration (Overview)**

The remuneration system for members of the Executive Board of the general partner with full personal liability is comprised of fixed (non-performance-related) and variable (performance-related) components. The fixed remuneration components comprise the fixed basic remuneration and the fringe benefits. The variable remuneration components comprise short-term and long-term variable remuneration, which are linked to financial performance criteria, as well as short-term variable remuneration, which is linked to non-financial performance criteria.

The fixed remuneration components account for 44% and the variable remuneration components account for 56% of the target total remuneration. The share of the fixed basic remuneration is 42% of the target total remuneration. Fringe benefits account for 2% of the target total remuneration. The share of short-term variable remuneration components (income component and ESG bonus, each with target achievement of 100%) is 26%. The share of long-term variable remuneration components (sustainability component with target achievement of 100%) is 30%.

Share-based remuneration is currently not envisaged.

#### **Maximum Limits of the Total Remuneration (Maximum Remuneration)**

According to Section 87a, paragraph 1, sentence 2, no. 1 AktG, a maximum limit for the total remuneration (maximum remuneration) of a member of the Executive Board was specified in the amount of €1,500,000.00 per year. The actual total amount received of the remuneration granted for a financial year is limited by the fixed maximum remuneration.

#### **Fixed Component**

The fixed component consists of the non-performance-related basic remuneration, which is paid pro rata each month as a salary, plus various fringe benefits and non-monetary remuneration. At present, this primarily comprises insurance premiums for private life and disability insurance policies, contributions to pension, health and long-term care insurance policies, corresponding to the amount payable by an employer if social insurance contributions were payable in full. In addition to this, the fringe benefits also comprise the conclusion of pecuniary damage liability insurance with a deductible and the use of a private company car.

#### **Variable Components**

The variable remuneration of the members of the Executive Board has the purpose of setting the right incentives for the Executive Board and pursuing and achieving the targets specified in the strategy, thereby ensuring a sustainable and long-term increase in the company's value. In the case of multiple members of the Executive Board, the target values are specified uniformly for all members of the Executive Board.

#### **Short-Term Variable Remuneration (Income Component)**

The short-term variable remuneration comprises a bonus with financial performance criteria, based on a one-year assessment period (income component).

The financial performance criterion of the income component is the earnings before interest, taxes, depreciation and amortization (EBITDA) calculated on the basis of the consolidated financial statements of H&R KGaA for the relevant financial year, adjusted for extraordinary income components. By focusing on a financial performance

criterion that is based on the company's business success, it is guaranteed that the strategy and long-term development are promoted.

The concrete target value for the respective financial year is specified by the Advisory Board prior to the start of the relevant financial year (EBITDA target value). The EBITDA target value is based on the specified budgeted EBITDA in the annual budget approved by the Advisory Board. On reaching the EBITDA target value specified by the Advisory Board for the financial year, the degree of target achievement is 100%. For the achievement of a degree of target achievement of 100%, a target amount is specified in euros.

If the EBITDA achieved for the respective financial year exceeds the EBITDA target value, a proportional increase of the degree of target achievement takes place. The target achievement in relation to the EBITDA performance criterion can be a maximum of 120% (maximum value); the maximum possible payout amount of the income component is capped accordingly. If the achieved EBITDA falls below the EBITDA target value, a proportional reduction of the degree of target achievement takes place. If a degree of target achievement of 75% (threshold value) is fallen below, the payment of an income component completely ceases to apply.

After the end of the financial year, the Advisory Board calculates the degree of target achievement in the first quarter of the following year for the member of the Executive Board as a percentage value. The payout amount is calculated by multiplying the target amount with the degree of target achievement (divided by 100). The income component for the past financial year of the company is due for payout in cash within seven calendar days after the regular Annual Shareholders' Meeting of H&R KGaA, i.e. generally in the second quarter of the financial year.

In the remuneration report for the past financial year, transparent information is provided about the concretely specified target, the degree of target achievement and the payout amount.

### **Short-Term Variable Remuneration (ESG Bonus)**

The variable remuneration is also intended to provide incentives for implementing non-financial targets in environmental, social and governance (ESG) areas. The short-term variable remuneration therefore additionally comprises a target bonus with non-financial performance criteria, based on a one-year assessment period (ESG bonus). By specifying non-financial performance criteria relating to ESG, the variable remuneration is consistently aimed at the achievement of key points of the strategic objectives of the company, particularly in the area of environment and sustainability. At the same time, it takes account of the overriding aim of the H&R Group to create long-term added value for people, the environment and society.

The concrete ESG targets for the financial year are specified by the Advisory Board prior to the start of the respective financial year, based on the aforementioned catalog (the specified "ESG targets"). For each of the specified ESG targets, the Advisory Board determines a threshold value and a target value (together, the "ESG target values").

For the specification of the ESG targets, the Advisory Board also determines the weighting among multiple specified ESG targets for the overall target achievement. For the ESG targets, measurable criteria should be specified as far as possible. The achievement of the ESG targets can be determined by a target-actual comparison. The criteria and methods for the assessment of the respective target achievement are substantiated with the specification of the ESG targets for the respective financial year.

On reaching all of the ESG target values specified by the Advisory Board for the financial year, the overall degree of target achievement is 100%. For the achievement of an overall degree of target achievement of 100%, a target amount is specified in euros. If the targets achieved for the respective financial year exceed the specified ESG target values, no proportional increase of the target amount takes place. The overall target achievement in relation to the ESG targets can therefore be a maximum of 100% (overall maximum value); the possible payout amount of the ESG bonus is capped accordingly. If the targets achieved fall below the specified ESG target

values, a proportional reduction of the target amount takes place. If an overall degree of target achievement of 75% is fallen below, the payment of an ESG bonus completely ceases to apply.

After the end of the financial year, the Advisory Board calculates the degree of target achievement for each of the specified ESG targets in the first quarter of the following year for the member of the Executive Board as a percentage value. The target achievement in relation to the ESG target is limited by the specified target value. A target achievement in relation to an ESG target below the specified threshold value goes into the calculation with a factor of 0. From the degree of target achievement with each of the specified ESG targets, the Advisory Board calculates the overall degree of target achievement as an average. The payout amount is calculated by multiplying the target amount with the overall degree of target achievement (divided by 100). The ESG bonus for the past financial year of the company is due for payout in cash within seven calendar days after the regular Annual Shareholders' Meeting of H&R KGaA, i.e. generally in the second quarter of the financial year.

In the remuneration report for the past financial year, transparent information is provided about the concretely specified ESG targets, the overall degree of target achievement and the payout amount.

#### **Long-Term Variable Remuneration (Sustainability Component)**

The long-term variable remuneration of members of the Executive Board comprises a bonus with a multi-year assessment basis (sustainability component). The sustainability component as long-term variable remuneration is intended to provide incentives for implementing the company's strategic objectives and ensuring long-term, sustainable corporate development based on an increase in value added.

A relevant key performance indicator for the success of the business strategy and the long-term successful development of the company is the return on capital employed (ROCE). Therefore, the ROCE has been specified by the Advisory Board as a long-term financial performance criterion for the sustainability component. The ROCE is assessed as the average value over a rolling three-year period. To calculate the ROCE, the earnings before interest and taxes (EBIT) are divided by the average

capital employed (equity plus net financial debt, pension provisions, and other non-current provisions) on the basis of the respective consolidated financial statements of H&R KGaA.

The Advisory Board has currently specified an average ROCE of 15% (ROCE target value). If an average ROCE in the amount of the ROCE target value is reached within the relevant three-year period, the degree of target achievement is 100%. For the achievement of a degree of target achievement of 100%, a target amount is specified in euros. The target achievement in relation to the ROCE performance criterion of the sustainability component can be a maximum of 133% (maximum value). This is achieved if the average ROCE exceeds the ROCE target value by 5 percentage points or more within the relevant three-year period. If the achieved average ROCE is 10 percentage points below the ROCE target value (threshold value), the target achievement is 33%. If the achieved average ROCE is more than 10 percentage points below the ROCE target value, the target achievement is 0% and the payment of a sustainability component completely ceases to apply. Values between the threshold value, the ROCE target value and the maximum value are interpolated linearly. After the end of the financial year, the Advisory Board calculates the average ROCE and, based on this, the degree of target achievement in the first quarter of the following year for the member of the Executive Board as a percentage value for the past financial year and the two preceding financial years. The payout amount is calculated by multiplying the target amount with the degree of target achievement (divided by 100).

The sustainability component is due for payout in cash within seven calendar days after the regular Annual Shareholders' Meeting of H&R KGaA, i.e. generally in the second quarter of the financial year. With the first-time appointment of a managing director, the sustainability component is paid for the first time after the end of the third year following the appointment for the previous three-year period, depending on target achievement. In the remuneration report for the past financial year, transparent information is provided about the concretely specified target, the degree of target achievement and the payout amount.

### **Consideration of Extraordinary Developments**

A subsequent change in target values or comparative parameters is excluded. However, with respect to variable remuneration components, the Advisory Board is entitled to take appropriate account of unforeseeable extraordinary developments at its equitable discretion and increase or decrease the variable remuneration by up to 20%. This can result in an increase, as well as a reduction in the target achievement and consequently the payout amounts. For example, extraordinary developments comprise the sale or acquisition of parts of companies, a serious change to the taxation and accounting regulations, natural disasters and other comparable circumstances. In contrast, generally unfavorable market developments are not considered extraordinary developments. If extraordinary developments occur that require an adjustment, they are reported on transparently in the annual remuneration report.

### **Malus and Clawback**

Under certain circumstances, the Advisory Board can retain all or part of the variable remuneration if it has been granted for a financial year in which the member of the Executive Board has committed a serious breach of duty (malus). Upon request by the Advisory Board, variable remuneration components that have already been paid out must be paid back by a member of the Executive Board if the existence of a serious breach of duty is only determined after the payout of the variable remuneration components or a material misstatement exists in the financial reporting, which has implications for the calculation of the variable remuneration (clawback). The Advisory Board decides, at its equitable discretion, whether and which variable remuneration components are retained or reclaimed in which amount and for which year. The seriousness of the breach, the degree of fault and a loss incurred by the company must be taken into consideration. Further claims in the case of personal misconduct by a member of the Executive Board, particularly claims for damages in accordance with Sections 93, paragraph 2, and 283, no. 3 AktG, shall remain unaffected by this.

### **Remuneration-related Legal Transactions Benefits Upon Termination of Contract**

In the case of the dismissal of a managing director, the rights under the managing director's employment contract shall essentially remain unaffected. In the event of termination of a board position, the company is entitled to release a managing director from any additional activity for the company during the remaining term of the managing director's employment contract. The release of the managing director shall take place subject to continued payment of the proportional fixed basic remuneration and taking into account any leave claims. Variable remuneration is not owed for the times of release.

In the event that the appointment of a managing director and the managing director's employment agreement are terminated prematurely without good cause within the meaning of Section 626, paragraph 1 of the German Civil Code (BGB), severance pay may be agreed. This is a maximum of two annual remuneration payments including fringe benefits (severance pay cap) and shall not remunerate more than the remaining term of the managing director's employment contract. No entitlement exists to commitments for benefits arising from the premature termination of the management contract by the member of the Executive Board resulting from a change of control.

### **Outside Work, Internal and External Supervisory Board Mandates**

The assumption of business activities, board functions and other outside work, outside of the activity as managing director of the general partner with full personal liability, requires the approval of the Shareholders' Meeting of H&R Komplementär GmbH. If members of the Executive Board assume Supervisory Board mandates within the H&R Group, any remuneration granted for this will be taken into account. For the assumption of Supervisory Board mandates outside of the H&R Group, the Advisory Board decides whether and to what extent the remuneration is to be taken into account, in consideration of the circumstances.

### Temporary Deviation from the Remuneration System

According to Section 87a, paragraph 2, sentence 2 AktG, the Advisory Board has the option to temporarily deviate from the remuneration system under extraordinary circumstances, if this is necessary, in the interest of the long-term well-being of H&R KGaA. For example, such deviations may be necessary for ensuring an appropriate incentive in the case of a serious corporate crisis or a serious economic crisis. However, generally unfavorable market developments do not justify any deviation.

This option was used in both 2021 and 2022, with the agreement of short-term variable remuneration (ESG component) being exceptionally waived (2021 ==> remodeling of the managing director employment contract during the year) and the targets being subsequently adjusted (2022 ==> Russian troops invading Ukraine; massively changed raw materials procurement situation). This is also

reflected in the payments made for financial year 2022. The table below showing Executive Board remuneration accordingly does not feature a separate ESG component for 2021. For financial year 2023, on the other hand, the table shows the payment of an ESG component which takes the targets adjusted during 2022 into account. (Comparisons below: short-term variable remuneration (ESG component) – target achievement).

The targets formulated for financial year 2023 remained unchanged in the current year. There were consequently no deviations from the remuneration system.

### Disclosure of Executive Board Remuneration

The following table shows the fixed and variable remuneration components granted to the current members of the Executive Board in the past financial year and in the previous year, including the respective relative share according to Section 162 AktG.

#### EXECUTIVE BOARD REMUNERATION (GRANTED AND OWED)

Members of the Executive Board	IN €	Benefits granted			
		2022	2022	2023	2023
	Fixed remuneration	525,000	58%	525,000	44%
	Fringe benefits <sup>1)</sup>	1,466	0%	464	0%
	<b>Total</b>	<b>526,466</b>	<b>58%</b>	<b>525,464</b>	<b>44%</b>
	One-year variable remuneration	300,000	33%	270,000	23%
	ESG component	-	0%	100,000	9%
	Multiple-year variable remuneration	74,479	9%	283,750	24%
	<b>Total</b>	<b>900,945</b>	<b>100%</b>	<b>1,179,214</b>	<b>100%</b>
Niels H. Hansen Chairman of the Executive Board (until July 31, 2019) Sole Managing Director (since August 1, 2019)	Pension expenses	-	-	-	-
	<b>Total remuneration</b>	<b>900,945</b>	<b>100%</b>	<b>1,179,214</b>	<b>100%</b>

<sup>1)</sup> Inter alia, this item includes the use of a car and casualty insurance premiums; travel expenses

No remuneration components owed for financial year 2022 and granted in 2023 were subsequently reclaimed (malus/clawback regulation).

### Short-Term Variable Remuneration (Income Component) – Target Achievement

In relation to the relevant financial performance criterion of EBITDA for financial year 2023 (threshold for 0% target achievement equal to 75% of

the budget EBITDA/target value for 100% target achievement equal to budget EBITDA/threshold for maximum target achievement equal to 120% of the budget EBITDA) the target achievements shown in the table are determined after the end of the financial year for the assessment period.

Performance criterion	Threshold for 0% target achievement	Target value for 100% target achievement	Maximum value, capped at 120% target achievement	EBITDA in € million, achieved	Target achievement in %
EBITDA in € million	168,750	225,000	270,000	92.7	81

### Short-Term Variable Remuneration (ESG Component) – Target Achievement

As a component of the remuneration system, short-term variable remuneration (ESG component) was agreed for 2023 with the following four equally weighted targets:

1. SOCIAL area: implementation of a modular vocational training concept in line with the German standard at H&R's two sites in Durban, South Africa
2. GOVERNANCE area: realization and creation of a handbook for the integrated control system by the end of the year
3. ENVIRONMENT area: commissioning of the Lumut site in Malaysia ahead of schedule in 2023 instead of 2024
4. ENVIRONMENT area: use of 3,500 tons of sustainable raw materials at the German production sites

An ESG component of the variable remuneration totaling €100,000.00 was agreed for achievement of the targets.

As stated above in “Temporary Deviation from the Remuneration System”, unlike in the previous years, achievement of the short-term variable remuneration was assessed on the basis of the agreed targets without qualification in 2023. Achievement of the individual targets is assumed as follows:

The target relating to 1. was defined following a delegation trip with the Federal Ministry for Economic Affairs and was discussed a number of times in the course of the financial year with the relevant representatives in South Africa and in Germany. The Executive Board repeatedly engaged in dialogue with decision-makers and potential

supporters regarding the idea of implementing dual training in South Africa and also included the Southern African-German Chamber of Commerce and the German-African Business Association. In spite of these intensive efforts, a corresponding model failed to be implemented in financial year 2023. As this was primarily due to regulatory and bureaucratic aspects on the South African side, the Advisory Board decided to nevertheless assess the target relating to 1. as 50% “achieved”. With regard to social targets in particular, sustainability also means emphatically championing important matters even if they do not lie exclusively in our sphere of influence and can therefore not (yet) be achieved. The Advisory Board acknowledged this approach accordingly and assessed all four targets as representing a 12.5% share of overall target achievement.

H&R has a risk management and internal control system (ICS). To harmonize its presentation and increase transparency, all the processes used throughout the Group are to be defined in uniform, ICS-compliant guidelines, compiled in an ICS handbook and systematically managed. Creation of these ICS-compliant descriptions by the end of financial year 2023 as the basis for a subsequent handbook was identified and incorporated as the second ESG target for short-term variable remuneration. Creation of the ICS-compliant process descriptions was continuously expedited in financial year 2023, was evaluated by the Audit Committee in the committee meetings held during the year and was discussed by the Supervisory Board. In particular the internal departments provided regular reports here and presented the process descriptions to the Supervisory Board in August 2023. The ICS-compliant process descriptions are currently being incorporated into an ICS handbook. As the process descriptions were created

punctually, the Advisory Board considers the target 50% “achieved”. Here, too, a share of 12.5% of the total targets has been recognized.

With the commissioning of the Lumut site in Malaysia, H&R is not only expediting its internationalization, but is also and above all promoting the processing of bio-based and/or synthesized feedstocks. At the same time, the site serves as an important hub within the Asia region and will shorten and simplify supply chains. Overall, H&R expects the addition of the Lumut site to its own network to have a significant influence on the reduction of the Group’s carbon footprint. Its commissioning ahead of schedule if possible is therefore especially significant as one of the sustainability targets defined for 2023. As already noted regarding target 1, the circumstances for this cannot be controlled exclusively by the company, above all due to the necessary administrative procedures and approval processes. The Executive Board was able to achieve some important partial successes up to the end of the year, for example in the form of environmental permits, but was not able to report the site’s full operational readiness by year-end. Unlike the previous targets, however, the Advisory Board does not see any leeway for its decision here: either the site can produce as of the reporting date or it can’t. Accordingly, the target is considered “not achieved”.

The Group’s goals up to 2030 include 70% of our core products being produced on the basis of sustainable feedstocks. Subtargets will be defined on the way to achieving this in order to monitor the progress made and modify the goal, if needed. The Executive Board therefore set the processing of 3,500 tons of sustainable feedstocks at the two German production sites as the fourth target for 2023. In the evaluation of the raw materials balance for financial year 2023, the total of sustainable feedstocks is reported at around 12.7% of the intended tons. There were various circumstances at play here, but for simplification purposes these can be reduced down to the fact that the feedstock volumes needed were simply not available as a result of the faltering post-Covid-19 recovery and the impacts of the war in Ukraine. Achievement of this target was therefore not possible. The Advisory Board nevertheless decided to recognize achievement of this target in the amount of the quota achieved. The share for this subtarget is therefore 3.2%.

Overall, therefore, the degree of target achievement determined was 28.2%. Nevertheless, the remuneration system does not provide for the payment of an ESG bonus if the degree of target achievement falls below a total value of 75.0%. There will therefore be no payment of an ESG component for 2023 in financial year 2024.

The Advisory Board discussed this assessment at length. It was in particular noted that continuing to pursue and definitively realizing the ESG targets adopted for 2023 were still of great interest to the company.

The Advisory Board therefore decided to extend the time frame for target achievement one time only until the end of financial year 2024, thereby enabling the Executive Board to achieve the 2023 ESG targets in full – in addition to the new targets for 2024.

Development of all the targets will be presented and explained in the remuneration report for financial year 2024.

#### Long-Term Variable Remuneration (Sustainability Component) – Target Achievement

The ROCE (EBIT divided by the average capital employed (equity plus net financial debt, pension provisions, and other non-current provisions)) was specified by the Advisory Board with a current average target value of 15% (ROCE target value). If an average ROCE in the amount of the ROCE target value is reached within the relevant three-year period, the degree of target achievement is 100%. For the achievement of a degree of target achievement of 100%, a target amount is specified in euros. The target achievement in relation to the ROCE performance criterion of the sustainability component can be a maximum of 133% (maximum value). This is achieved if the average ROCE exceeds the ROCE target value by 5 percentage points or more within the relevant three-year period. If the achieved average ROCE is 10 percentage points below the ROCE target value (threshold value), the target achievement is 33%. If the achieved average ROCE is more than 10 percentage points below the ROCE target value, the target achievement is 0% and the payment of a sustainability component completely ceases to apply.

Performance criterion	Threshold for 0% target achievement	Target value for 100% target achievement	Maximum value, capped at 133% target achievement	ROCE in %, three-year average	Target achievement in %
ROCE in %	5%	15%	20%	9.13%	0
Target amount in €	0	375,000	498,750	0	0

### Comparative Presentation of the Remuneration and Income Development

The following comparative presentation shows the annual change to the remuneration granted and owed of the present and previous members of the Executive Board, the income development of

the company and the remuneration of managerial staff on a full-time-equivalent basis, whereby, for the latter, the average salary of a managing director viewed across all subsidiaries of the Group worldwide in the respective financial year is used as the basis.

#### REMUNERATION AND INCOME DEVELOPMENT FOR MEMBERS OF THE EXECUTIVE BOARD

	Granted and owed remuneration		Change							
	2023	2022	2022 to 2023	2022 to 2023	2021 to 2022	2021 to 2022	2020 to 2021	2020 to 2021	2019 to 2020	2019 to 2020
			IN € THOUSAND	IN %	IN € THOUSAND	IN %	IN € THOUSAND	IN %	IN € THOUSAND	IN %
<b>Current members of the Executive Board</b>										
Niels H. Hansen	1,179	901	278	31	183	20	49	7	-145	-18
<b>Previous members of the Executive Board</b>										
Detlev Wösten	-	-	-	-	-	-	-	-	-305	-100
<b>Managerial staff</b>										
Global average	279	260	19	7	4	1	22	9	19	9
<b>Employees</b>										
Global average	61	59	2	3	0	0	3	5	1	1
<b>Income development</b>										
Group annual results (€ million)	10.6	42.7	-32.1	-75	-7.6	6	76.7	237	2.9	5

The maximum remuneration of the members of the Executive Board specified in the remuneration system was not reached by the remuneration granted in financial year 2023 and actually received of €1,179 thousand.

### Supervisory Board Remuneration

Supervisory Board remuneration is governed by Section 13 of our Articles of Association and primarily comprises the following elements:

#### Supervisory Board Remuneration

Every member of the Supervisory Board receives fixed annual remuneration of €30,000.00. The Chair of the Supervisory Board receives three times, and their deputy one and a half times, this amount.

In addition to the fixed remuneration according to paragraph 1, the members of actually formed committees receive fixed annual remuneration of €10,000.00. If a Nomination Committee is formed, by way of derogation from half-sentence 1, its members receive fixed annual remuneration of €5,000.00. Supervisory Board members who chair one of the aforementioned committees receive twice the remuneration payable for membership of the committee in question. The remuneration according to paragraph 1 and 2 is payable for the past financial year within ten bank business days (Frankfurt/Main) after the Annual Shareholders' Meeting, which passes a resolution regarding granting discharge to the members of the Supervisory Board for the respective financial year.

Members of the Supervisory Board who have only belonged to the Supervisory Board or a committee for a part of the financial year receive the remuneration according to paragraph 1 and 2 on a pro rata temporis basis.

The members of the Supervisory Board receive compensation from the company for the expenses that they incur in exercising their office, as well as possible value-added tax payable on the remuneration.

In its own interest, the company may take out insurance for purely financial losses, which also covers the liability of the members of the Supervisory Board.

The members of the Supervisory Board are entitled to the remuneration in the amount resulting from the current version of this Section 13 for the

first time for the company's financial year starting on January 1, 2016.

#### Underlying Remuneration System

The remuneration is based on the following remuneration system for the members of the Supervisory Board:

The members of the Supervisory Board receive fixed remuneration. A meeting fee and variable or share-based remuneration are not granted to the members of the Supervisory Board. The payment of fixed remuneration corresponds to the prevailing practice of other listed companies and simultaneously follows suggestion G.18 sentence 1 GCGC 2022. In the view of the general partner with full personal liability and of the Supervisory Board, it takes the best account of the independence and monitoring function of the Supervisory Board.

According to the Articles of Association, each member of the Supervisory Board receives fixed annual remuneration (basic remuneration) of €30,000.00. The Chair of the Supervisory Board receives three times, and their deputy one and a half times, this fixed remuneration. This complies with recommendation G.17 GCGC 2022 at the same time, according to which, for the remuneration of the members of the Supervisory Board, the greater amount of time spent by the Chair of the Supervisory Board and the Deputy Chair of the Supervisory Board must be taken appropriately into consideration. Concretely, the following annual basic remuneration therefore applies: €90,000.00 for the Supervisory Board Chair, €45,000.00 for the Deputy Supervisory Board Chair and €30,000.00 for the other members of the Supervisory Board.

In addition to the basic remuneration, the members of actually formed committees receive fixed annual remuneration of €10,000.00. If a Nomination Committee has been formed, by way of derogation from this, its members receive an additional annual fixed remuneration of €5,000.00, which takes account of the expected less time spent on Nomination Committee activities. Supervisory Board members who chair one of the committees receive twice the remuneration payable for membership of the committee in question. This also

complies with recommendation G.17 GCGC 2022, according to which, for the remuneration of the members of the Supervisory Board, the greater amount of time spent by the Chair and members of the committees must be taken appropriately into consideration.

Members of the Supervisory Board who have only belonged to the Supervisory Board or a committee for a part of the financial year only receive the respective fixed remuneration on a pro rata temporis basis.

The aforementioned fixed remuneration is respectively payable for the past financial year within ten bank business days (Frankfurt/Main) after the Annual Shareholders' Meeting, which passes a resolution regarding granting discharge to the members of the Supervisory Board for the respective financial year. Apart from this, no post-emption periods exist for the payout of remuneration components.

The cap for the remuneration of members of the Supervisory Board results from the fixed

remuneration, the amount of which depends individually on the assumed tasks in the Supervisory Board/its committees. A maximum amount of remuneration is not specified for the members of the Supervisory Board.

In addition to the fixed remuneration described above, the members of the Supervisory Board receive compensation from the company for the expenses that they incur in exercising their office, as well as possible value-added tax payable on the remuneration. Furthermore, the members of the Supervisory Board can be included in insurance for purely financial losses taken out by the company, the premiums of which are paid by H&R GmbH & Co. KGaA.

#### Disclosure of Supervisory Board Remuneration

The following table shows the fixed remuneration and remuneration for committee work that has been granted to, i.e. actually been received by, the present Supervisory Board members in the past financial year. This refers to work carried out in the previous financial year.

#### SUPERVISORY BOARD REMUNERATION (GRANTED)

IN €	Fixed remuneration			Remuneration for committee work			Total	
	2022	2023	2023 (share of total remuneration)	2022	2023	2023 (share of total remuneration)	2022	2023
Dr. Joachim Girg (Chair)	90,000.00	90,000.00	72%	35,000.00	35,000.00	28%	125,000.00	125,000.00
Roland Chmiel	45,000.00	45,000.00	63%	26,054.80	30,000.00	37%	71,054.80	75,000.00
Sven Hansen	30,000.00	30,000.00	50%	30,000.00	30,000.00	50%	60,000.00	60,000.00
Dr. Rolf Schwedhelm	30,000.00	30,000.00	46%	35,000.00	35,000.00	54%	65,000.00	65,000.00
Dr. Hartmut Schütter	30,000.00	30,000.00	60%	20,000.00	20,000.00	40%	50,000.00	50,000.00
Sabine Dietrich	30,000.00	30,000.00	60%	20,000.00	20,000.00	40%	50,000.00	50,000.00
Patrick Ewels	18,164.38	30,000.00	100%	-	-	-	18,164.38	30,000.00
Thomas Mertling	18,164.38	30,000.00	100%	-	-	-	18,164.38	30,000.00
Dominik Franz	18,164.38	30,000.00	100%	-	-	-	18,164.38	30,000.00
Reinhold Grothus	11,835.62	-	-	-	-	-	11,835.62	-
Holger Hoff	11,835.62	-	-	3,945.20	-	-	15,780.82	-
Harald Januszewski	11,835.62	-	-	-	-	-	11,835.62	-
<b>Total</b>	<b>345,000.00</b>	<b>345,000.00</b>	<b>67%</b>	<b>170,000.00</b>	<b>170,000.00</b>	<b>33%</b>	<b>515,000.00</b>	<b>515,000.00</b>

## Comparative Presentation of the Remuneration and Income Development

The following comparative presentation shows the annual change to the remuneration received of the present and previous members of the Supervisory Board.

### REMUNERATION AND INCOME DEVELOPMENT FOR MEMBERS OF THE SUPERVISORY BOARD

	Remuneration received		Change							
	2023	2022	2022 to 2023	2022 to 2023	2021 to 2022	2021 to 2022	2020 to 2021	2020 to 2021	2019 to 2020	2019 to 2020
			IN €	IN %	IN €	IN %	IN €	IN %	IN €	IN %
<b>Current members of the Supervisory Board</b>										
Dr. Joachim Girg	125,000.00	125,000	-	-	-	-	10,000	8	-	-
Roland Chmiel	75,000.00	71,055	3,945	5	6,054.80	9	-	-	-	-
Sven Hansen	60,000.00	60,000	-	-	-	-	10,000	17	-	-
Dr. Rolf Schwedhelm	65,000.00	65,000	-	-	-	-	20,000	30	-	-
Dr. Hartmut Schütter	50,000.00	50,000	-	-	-	-	-	-	-	-
Sabine Dietrich	50,000.00	50,000	-	-	-	-	-	-	20,000	67
Patrick Ewels	30,000.00	18,164	11,836	65	18,164	100	-	-	-	-
Thomas Merting	30,000.00	18,164	11,836	65	18,164	100	-	-	-	-
Dominik Franz	30,000.00	18,164	11,836	65	18,164	100	-	-	-	-
Reinhold Grothus	-	11,836	-11,836	-100	-18,164	-60	-	-	-	-
Holger Hoff	-	15,781	-15,781	-100	-24,201	-39	10,000	25	-	-
Harald Januszewski	-	11,836	-11,836	-100	-18,164	-60	-	-	-	-
<b>Previous members of the Supervisory Board</b>										
Dr. Peter Seifried	-	-	-	-	-	-	-	-	-20,000	-100
<b>Managerial staff</b>										
Global (€ thousand)	279	260	19	7	4	1	22	9	19	9
<b>Employees</b>										
Global (€ thousand)	61	59	2	3	0	0	3	5	1	1
<b>Income development</b>										
Group annual results (€ million)	10.6	42.7	-32.1	-75	-7.6	6	76.7	237	2.9	5

**Report of the Independent Auditor on  
the Audit of the Remuneration Report  
Pursuant to Section 162, Paragraph 3  
of the German Stock Corporation Act  
(AktG)**

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Translation of Auditor's Statement will follow  
soon.



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